

Program Memorandum Intermediaries

Department of Health and
Human Services (DHHS)
HEALTH CARE FINANCING
ADMINISTRATION (HCFA)

Transmittal A-00-92

Date: DECEMBER 1, 2000

CHANGE REQUEST 1435

SUBJECT: Corrections to Calculation of Federal Fiscal Year (FY) 2001 Inpatient Payment Amounts

Subsequent to the October 30, 2000 installation of Inpatient PPS PRICER in the FISS system and the October 4, 2000 installation of Inpatient PPS PRICER in the APASS system (see Program Memorandum (PM) A-00-75, October 13, 2000), further corrections have been made to certain area wage index values used in calculating inpatient payment amounts. The wage index corrections included in this PM are effective for discharge dates on or after December 1, 2000 and before October 1, 2001. In addition to the wage index corrections, the intermediary for provider 52-0018 must correct the hospital's geographic classification for the standard amount. For discharges on or after December 1, 2000 and before October 1, 2001, provider 52-0018 is reclassified to Metropolitan Statistical Area (MSA) 5120 for the standard amount.

This PM also corrects errors found in the pre-reclassified wage index. Changes to the pre-reclassified wage index impact the wage index values used for the Skilled Nursing Facility (SNF) Prospective Payment System (PPS). The following three corrections to the SNF PPS wage indexes are effective for payments to SNFs on or after December 1, 2000 and before October 1, 2001. The wage index value for SNFs located in MSA 19 Rural Louisiana, is changed from 0.7668 to 0.7681. MSA 0220 Alexandria, LA, is revised from 0.8151 to 0.8123, and MSA 3760 Kansas City, KS-MO, is changed from 0.9509 to 0.9527.

For users of both systems, claims with discharge dates on or after December 1, 2000 should be held until the new software is installed and then released for processing. Rural Home Health Intermediaries should place priority on the processing of Requests for Anticipated Payments for Home Health Agencies.

The following corrected hospital inpatient wage index values (and the above SNF wage index values) are included in the new PRICER software, version 011 (v.011), expected to be installed by November 30, 2000.

Table 1: Wage Index and Capital Geographic Adjustment Factor (GAF) for Rural and Urban Areas

	Rural or Urban Area	Old Wage Index	Old GAF	Corrected Wage Index	Corrected GAF
23	Rural Michigan	0.9021	0.9319	0.9003	0.9306
0870	Benton Harbor, MI	0.9021	0.9319	0.9003	0.9306
3080	Green Bay, WI	0.9308	0.9521	0.9339	0.9542
3640	Jersey City, NJ	1.1573	1.1052	1.1318	1.0885
3660	Johnson City-Kingsport-Bristol, TN-VA	0.8328	0.8822	0.8318	0.8815
3760	Kansas City, KS-MO	0.9509	0.9661	0.9527	0.9674
5640	Newark, NJ	1.0757	1.0512	1.0890	1.0601
7485	Santa Cruz-Watsonville, CA	1.4095	1.2650	1.4040	1.2616
7600	Seattle-Bellevue-Everett, WA	1.1016	1.0685	1.1018	1.0686

Table 2: Wage Index and GAF for Hospitals that are Reclassified

	Area Reclassified To	Old Wage Index	Old GAF	Corrected Wage Index	Corrected GAF
23	Rural Michigan	0.9021	0.9319	0.9003	0.9306
0870	Benton Harbor, MI	0.9021	0.9319	0.9003	0.9306
3080	Green Bay, WI	0.9308	0.9521	0.9339	0.9542
3560	Jackson, MS	0.8698	0.9089	0.8679	0.9075
3640	*Jersey City, NJ	1.1573	1.1052	0.0000	0.0000
3660	Johnson City-Kingsport-Bristol, TN-VA	0.8328	0.8822	0.8318	0.8815
3760	Kansas City, KS-MO	0.9509	0.9661	0.9527	0.9674
4100	*Las Cruces, NM	0.8510	0.8954	0.0000	0.0000
7120	*Salinas, CA	1.4502	1.2899	0.0000	0.0000
7485	Santa Cruz-Watsonville, CA	1.3897	1.2528	1.3861	1.2505
7600	Seattle-Bellevue-Everett, WA	1.1016	1.0685	1.1018	1.0686
7720	*Sioux City, IA-NE	0.8473	0.8927	0.0000	0.0000
7760	Sioux Falls, SD	0.0000	0.0000	0.8790	0.9155

* After correction, no hospitals are reclassified to the area.

Intermediaries must use the following table to correct the Provider Specific File:

Table 3: Geographic Classification for Wage Index

Provider	Intermediary	Old MSA	New MSA	Reclassified Yes/No
05-0714	00040	7120	7485	N*
11-0185	00101	3600	11	N*
16-0140	00140	7720	16	N*
24-0093	00320	5120	24	N*
25-0104	00230	25	3560	Y
31-0051	00280	3640	5015	N*
32-0014	00400	4100	32	N*
41-0011	00370	1123	6483	N*
43-0012	00140	7720	7760	Y
44-0050	00390	3660	44	N*
50-0059	00430	7600	50	N*
52-0018	00450	5120	52	N*
52-0113	00450	23	3080	Y

* Hospital is geographically located in the “New MSA”. Its request for reclassification was denied or withdrawn.

You should post this notice on your web site, advise your provider relation's staff, and include a notice of these changes in your next bulletin. HCFA will publish these changes in an upcoming *Federal Register* correction notice.

The *effective date* for this PM is December 1, 2000.

The *implementation date* for this PM is December 1, 2000.

These instructions should be implemented within your current operating budget.

This PM may be discarded after September 30, 2001.

If you have any questions, contact Stephen Phillips on (410) 786-4531.